

**PX 396**

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**From:** [REDACTED]@ripple.com >  
**Sent:** Friday, August 31, 2018 3:46 PM  
**To:** [REDACTED] Brad Garlinghouse; Ron Will; [REDACTED]  
[REDACTED] Monica Long; [REDACTED] David  
Schwartz; [REDACTED] Ethan Beard; Asheesh Birla  
**Subject:** Key Takeaways from Day 2

Hello Leadership Team,

Here is the summary from Day 2.

**\*XRP Use Cases:\***

- Ripple's valuation is almost exclusively driven by XRP's value and that is the company's north star
- Therefore, diversification shouldn't be for the sake of diversification; rather, diversification should be used to build the ecosystem to increase the value of XRP
- To make the XRP ecosystem more robust, there are three big bets to pursue:
  - \*Most popular wallets do not support XRP - we should make a play here\*
  - Exchanges are a critical part of transactions involving crypto - we should make a play here
  - Liquidity is driven by market makers and OTC desks - we should make a play here as well

**\*Action Items:\***

- Ethan to investigate the wallet idea further

**\*[REDACTED] - External Perspective on XRP / Ripple:\***

- [REDACTED] is a for profit company building apps on a decentralized identity platform called [REDACTED] (which is the open / blockchain technology)
- Their goal is to drive down the cost per transaction of id verification
- [REDACTED] also sits on the board of the [REDACTED] which he positioned as an advocacy group for all crypto
- The [REDACTED] also gets a lot of subpoenas and government requests to learn more - the foundation has lawyers
- Most people in the crypto community don't know the difference between XRP and Ripple
- They see the biggest problem as "centralization"
- They don't have the same view about [REDACTED] because "[REDACTED] doesn't hold the same portion of ETH as Ripple does of XRP"
- [REDACTED] - the perception is TBD - too early for most people to have made up their mind
- [REDACTED] is hyped right now - really high throughput - [REDACTED] is

invested in it

- The crypto space needs to liquidate about \$1B-\$2B right now just to stay alive (\$750M for the salaries of the people in the crypto companies and \$250M for miners to cover their costs)
- [REDACTED] view is that the market has yet to bottom out. It will go down by another 50% and will likely bottom out when [REDACTED] explodes (it will be a Mt. Gox moment)
- He thinks Ripple should reduce XRP holdings to about 33%
- He thinks in five years, BTC may not be around because of governance issues. Miners will start jumping ship if the price goes too low (there is a floor)

\*Perkins Coie:\*

**Redacted - Privilege**

\*Taking Stock:\*

- Expense run rate is about \$15M/month
- At current course and speed, we can have a total of 170 deployments by the end of 2019
- We can do 2.5 deployments per person per year (we can bring that number lower through a number of things we can do on the product side)

\*Action Items:\*

[REDACTED] to sync with Asheesh and [REDACTED] on Quality Assurance Infrastructure

\*Big Bets:\*

- There are three big bets the team is aligned on:
  - xRapid
  - Volume
  - Influencers
  - Wallets (Ethan to investigate further)

\*Action Items:\*

- [REDACTED] to flesh out what each one of the big bets mean operationally

Thanks,  
[REDACTED]

On Thu, Aug 30, 2018 at 7:01 PM [REDACTED]@ripple.com> wrote:

- > Apologies, missed a few important points. Added them here:
  - >
  - > \*High Level Day 1 Takeaways (without the Culture session):\*
  - >
  - > - Asia is big and especially important in crypto
  - > - Being local matters; we need more localized resources
  - > - xRapid's profile needs to be raised; we need our A+ team on it
  - > - Waiting for the xRapid infrastructure to build out is too passive
  - > and slow; we need BD and Corp Dev to accelerate that progress
  - > - We need to extend the scope of "product" through middleare - we need
  - > to move from us doing 30% and customer doing 70% to the inverse at least
  - > - Account management needs a reset (team, mandate, comp, incentives)
  - > - Sales needs some skin in the game in the "go-live" process
  - >
  - > \*Decentralization: Remembering our Roots:\*
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  - > - The thesis of this industry and technology is a peer-to-peer network
  - > of moving value around the world
  - > - This benefits the players at the fringe (smaller banks, payment
  - > providers, etc.) rather than the players in the middle (large
  - > correspondents)
  - > - Our products provide messaging without a central operator (unlike
  - > SWIFT) and liquidity without a central counterparty (unlike fiat liquidity
  - > with correspondent banking)
  - > - Mobile banking (especially in Asia) is where the growth is
  - > - In some jurisdictions, regulatory changes are triggering growth in
  - > digital penetration (and payments)
  - > - For crypto liquidity, volume from Asia accounts for 83% of all
  - > crypto liquidity volume.
  - >

> \*Action Items:\*

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- > - We need more boots on the ground in Asia; requires further discussion and a fleshed out plan
- > - We also need talking points about around how inconsequential Coinbase is, in the global liquidity landscape
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> \*Ripple 2020:\*

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- > - The north star for everyone is xRapid volume
- > - We are building the xCurrent network because xRapid is not ready for sales in a scalable way yet
- > - There are a lot of things we need to do build up the infrastructure to make xRapid ready
- > - Waiting for the ecosystem to build is taking too long - we need to make it happen through both organic and inorganic routes
- > - The first step is to reassess as a team on whether we have the absolute best team working on xRapid, including a 'General Manager'
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> \*Action Items:\*

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- > - Asheesh to put together a cross-functional tactical team for xRapid, including the 'General Manager'
- > - As everyone puts together their team's Q4 priorities, they should make sure that xRapid adoption is front and center of their priority list
- >

> \*Competitive and Market Trends:\*

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- > - As we think about the segment of the market we want to target, we should think about:
  - > - New guard vs. Old guard
  - > - Digital vs. Traditional channels
  - > - Asia vs. RoW
- > - We all agree that MTOs will win over the banks (in general)
- > - However, that doesn't mean that all banks are irrelevant. Digital-first, high growth banks in key regions with a lot of friction are also valuable customers
- > - In order to deliver the 10x better experience to our customers, we need to make sure the xRapid infrastructure is working. In the 'Bay Bridge' analogy, the infrastructure is not sound yet.
- > - Taking that one step further, we need to make sure that the 10x improvement in customer experience is exposed to the end-user
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> \*Action Items:\*

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- > - There is an opportunity to refine the point scheme
- >

> \*Scaling Opportunities:\*

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- > - Getting the right customers in the pipeline is important
- > - [REDACTED] even though they are driving \$ volume, aren't leaning in and may not move Ripple to past their "pilot"
- > - [REDACTED] is another example of a customer that is not



- > leaning in. The executives seem aligned and engaged but we are not seeing
- > the enthusiasm at the project level
- > - There is no single silver bullet - we have a number of things to fix
- > - Localized execution and a stronger account management mandate is
- > required to get accounts live
- > - Getting customers live have a lot of dependency on the customer -
- > they do 70-80% of the work and we can only help with 20-30%. We need to
- > reverse that, starting with owning the middleware
- > - We need to make sure that 3.4 and 4.x do not create two different
- > networks and that they are truly compatible
- > - Account Management function needs to reset in terms of talent and
- > mandate
- > - Sales and Account Management need to have a much stronger
- > collaboration for us to be successful in getting customers live

> \*Action Items:\*

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- > - We need a plan to have more localized resources
- > - We need executives to own accounts and feel responsible for the
- > account's success
- > - [REDACTED] and [REDACTED] need to align on what it means to make 3.4 and 4.x
- > truly compatible and interoperable
- > - Product needs to have localized integration modules
- > - [REDACTED] and [REDACTED] to present in 2 weeks a plan to have
- > interdependent OKRs and incentives between Sales and Customer Success
- > - From a GTM standpoint, we need to make sure that the customer's
- > objectives are aligned with what Ripple can provide. We also need to
- > ensure that the counterparty is ready, willing and deeply vetted for the
- > implementation to be successful

> \*Corporate Development Strategy:\*

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- > - Four pillars:
- > - Acquire volume/nodes (kick start the network)
- > - Acquire customer touchpoints (wallets, brokerage, etc.)
- > - Pump up liquidity (listings, base currency positioning, market
- > makers)
- > - Diversify capital (structured finance vehicles to unlock capital
- > from our XRP holdings)
- > - [REDACTED] team is building out with a focus on local, in-market
- > staffing

> \*Action Items:\*

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- > - If you have a PoV on potential partnership or M/A targets, please
- > engage [REDACTED]

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[REDACTED]  
Director of Business Operations | Ripple

